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CASE STUDY – BALANCED SCORECARD TARGETS

MARLENE CRISTINA MARTINS

Dissertation

Masters in Corporate Finance

Work made under the supervision of:

Fernando Manuel Félix Cardoso

2014

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Work Authorship Declaration

I declare to be the author of this work, which is unique and unprecedented. Authors and works consulted are properly cited in text and are in the list of references included.

Marlene Cristina Martins

Marlene Cristina Martins

Aos meus pais e ao amor com que me educaram.

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ABSTRACTS

The major question is "Are target properly defined for transparency?"

To answer that question it was necessary to do a case study, based on the balance scorecard of an Algarve's company.

Through this analysis, it is possible to confirm the premises presented by several authors, in particular those who believe in the role of transparency to reduce information asymmetries (as Jensen and Meckling's, 1976), as support for the practice of good governance - corporate governance and management control were the start line for the literature review.

To study this issue we have to evaluate all the targets included in the Balanced Scorecard of the company, because we think that it was possible to determine if the contribution of those definitions are a significant issue to create high level of transparency.

In this evaluation we have concluded that the company, meanwhile the effort made in targets definition, have to create a strategic procedure to build a support for transparency. In the end of this evaluation we have made some proposals to contribute to this process.

Keywords: Balanced Scorecard, Target, Corporate Governance, Transparency, *Municipal Company*

RESUMO

O presente trabalho pretende demonstrar que a correta implementação dos targets do Balanced Scorecard pode contribuir para a melhoria do nível de transparência em empresas municipais, onde devido à multiplicidade de stakeholders a gestão tem que ter em conta interesses que podem não ser convergentes.

A boa governança das organizações é, por isso, crucial na promoção de informação de elevada qualidade, proporcionando a mitigação de assimetrias potencialmente geradoras de conflitos entre os *stakeholders*.

Enquanto pilar fundamental da *corporate governance*, a transparência é o ponto de partida deste trabalho. A qualidade da informação deve ser o foco das comunicações de cada organização, que deve por isso desenvolver metodologias internas para garantir que esta é clara e verdadeira.

O controlo de gestão é uma via para a promoção da boa governança, uma vez que é constituído por diversas ferramentas, que permitem que todos os elementos da empresa se foquem na concretização de objetivos e contribuam dessa forma, para melhorar o nível de transparência da organização.

O *Balanced Scorecard*, enquanto metodologia de monitorização das opções estratégicas das organizações, surge igualmente como uma ferramenta de apoio ao controlo (e como suporte ao desenvolvimento da estratégia empresarial) e, consequentemente, pode contribuir desde corretamente utilizada, para a criação de boas práticas de governança das organizações.

A adequada definição de metas (*targets*), na fase de implementação do *Balanced Scorecard*, permite que se construa um instrumento que promove informação de qualidade e, por sua vez, transparência na comunicação com todos os *stakeholders*.

Para ilustrar a forma como se pode avaliar o papel dos targets na definição da transparência, recorremos à metodologia do "Estudo de Caso" numa empresa municipal do Algarve.

O presente trabalho é composto por uma revisão de literatura, dividida em duas partes. A primeira apresenta os conceitos que envolvem a problemática da transparência no

âmbito da Corporate Governance, com referências a Portugal e à Europa. A segunda parte apresenta os conceitos associados ao controlo de gestão, focando-se na metodologia do *Balanced Scorecard*.

Em seguida é apresentada uma caracterização da empresa objeto de estudo, o que permitiu contextualizar a análise tendo em conta a realidade da uma empresa municipal. Para tal foi necessário analisar Planos de Atividade e Relatórios e Contas, correspondentes ao período entre 2008 e 2012, inclusive.

A escolha de uma empresa municipal deve-se ao facto de a sua atividade ser complexa. Este tipo de empresa estão enquadradas pela Lei das Finanças Locais e pelo Código das Sociedades Comerciais, uma vez que as suas operações resultam de uma delegação de competências dos municípios em que se inserem.

A empresa objeto de estudo, apesar de ser maioritariamente detida por um município algarvio (51% do capital social), conta com a participação de um grupo privado no seu capital social (49%), o que lhe introduz uma diversidade de stakeholders, que não é fácil de encontrar noutros contextos empresariais.

A empresa é responsável pelo abastecimento de água e tratamento de águas residuais, pela recolha de resíduos sólidos urbanos, pela manutenção de infraestruturas (desde espaços verdes até obras públicas) e pela ocupação de espaço público, podendo por isso cobrar taxas e definir os preços dos serviços prestados.

Contudo, os seus objetivos não se resumem à mera prestação destes serviços, pelo que a empresa assume um compromisso de responsabilidade ambiental, ambicionando ser uma cidade do futuro, diferenciada pela mobilidade, segurança e qualidade de vida, conforme mencionado pela mesma nos Planos de Atividades e Orçamentos de 2010, 2011 e 2012.

Outra das caraterísticas a salientar é a multiplicidade de *stakeholders*, quer no interior da empresa (detentores do capital, administrador delegado, diretores das unidades de negócio, colaboradores de cada área de negócio), quer no exterior (clientes, fornecedores, residentes, proprietários não residentes, comerciantes, turistas, entidades reguladoras), algo que não é fácil de encontrar neste contexto empresarial.

Ao longo do trabalho realizado, foi possível confirmar premissas apresentadas por vários autores (Jensen and Meckling's (1976)) e, em particular, o papel da transparência na redução das assimetrias de informação e como suporte para o desenvolvimento de práticas de boa governança, aliando a *Corporate Governance* ao Controlo de Gestão.

A discussão, adopta uma metodologia muito especifica, marcada pela objetividade da análise *ex-post*. A análise é realizada por departamento, exporgando os indicadores que não tinha medição, logo não tinham *target*. Para cada *target* houve uma comparação entre períodos temporáis e com t*argets* semelhantes.

Após a análise dos *targets* foi possível indicar, na nossa opinião, quais os aspetos essenciais a ter em conta na sua definição no sentido de fomentar a transparência no seio da organização.

Verificamos que, para cada indicador, deve existir apenas um target que deve ser coerente e ter uma periodicidade regular e uma revisão permanente. Tal significa que se o indicador for calculado mensalmente, deve existir uma meta para cada mês e devem ser coerente entre períodos (entre meses), refletindo os objetivos demarcados pelo mapa estratégico. Não é obrigatório que o target corresponda ao valor ótimo do indicador, nem ao valor imposto pela entidade reguladora dessa área de atuação, mas sim que correspondam ao valor que a empresa consegue atingir com os recursos que tem disponíveis, garantindo a sustentabilidade do mesmo ao longo do tempo e a transparência da informação.

Surgere-se como ferramenta de construção a utilização do *benchmarking*, pois permite que a empresa tenha fontes de comparação adequadas, como os seus concorrentes (o que lhe permite ser mais competitiva) ou mesmo os seus fornecedores (para aferir se o *outsourcing* é uma alternativa a considerar).

Contudo, esta informação apresenta custos elevados na maior parte dos casos. A análise de custo-benefício deve ser a base da decisão, pois podem existir outras fontes de informação que permitam construir metas sólidas para o mesmo indicador. Cabe à organização decidir quanto dos seus recursos financeiros tem disponível para este género de aquisições.

Defende-se neste trabalho que a correta definição de metas *(targets)* para cada um dos indicadores que compõe o *Balanced Scorecard* é um veículo para assegurar a transparência no seio de uma organização.

Palavras-chave: *Balanced Scorecard*, Meta, *Corporate Governance*, Transparência, Empresa Municipal.

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ABBREVIATIONS LIST

ABC	Activity Based Costing
ABM	Activity Based Management
BPR	Business Process Reengineering
BSC	Balanced Scorecard
CEO	Chef Executive Officer
CMVM	Comissão de Mercado de Valores Mobiliários
CRM	Customer Relationship Management
e.g. (exempli gratia)	for exemple
etc. (et caetera)	and so on
et al. (et alia)	and others
IBGC	Instituto Brasileiro da Governança Corporativa
i.e. (*id est*)	that is
OECD	Organisation for Economic Co-operation and Development
TQM	Total Quality Management

1. INTRODUCTION

Corporate Governance is a way to ensure information quality in order to avoid agency problems.

Davies (2006:11-14) identifies "the eight key dimensions of corporate governance" which we are able to answer through this work:

i. The identity of the organisation: "organisations also need a defined and clear identity, partly to distinguish them from other organisations";

ii. The purpose of the organisation: the next "question is 'what shall we do?'";

iii. Leadership: "is the driving force behind corporate governance";

iv. The distribution of power within the organisation;

v. Inclusiveness and communication: "'Openness' or 'transparency' is a principle shared by all governance codes and its effect on corporate performance can be very significant";

vi. The pattern of accountability required: "All governance codes require accountability and the grant of any authority needs to be balanced by accountability for its use";

vii. The maximization of effectiveness: this "is a key dimension of corporate governance, involving action to ensure customer quality, minimizing waste and building a sustainable reputation";

viii. Ensuring sustainability: "Corporate governance needs to focus on achieving results which will be sustainable into the future".

Good practices of control are a way to promote transparency. The proper definition of targets is crucial for companies who seek transparency through information quality, given the diversity of stakeholders.

Therefore, transparency is the main subject of this work. We defend that the correct design of Balanced Scorecard targets is a way to promote it.

In consequence, the controllers have to provide good information to the stakeholders' decision process. If that information is not clarifying, the stakeholder could decide against the best interest of the company.

The *Balanced Scorecar*d appeared in the 90s, as a combination of academic knowledge and industrial work. The authors, Kaplan and Norton (1996), improve this monitoring tool through a strategic management tool.

These two researchers study performance evaluation since 1990 and, in 1992, presented the paper "*The Balanced scorecard: Measures That Drive Performance*", based on Porter Value Chain Theory (1985).

The diffusion in the U.S. was quick and efficient. However, the same did not occur in Europe. The dissemination in the *old continent* was slow. The first experience known in Europe of the introduction of the Balanced Scorecard, was in Finland and happened in Finland (Pinto, 2007).

As known, this tool consists of four perspectives (customers, internal processes, learning and development, and financial), aligned with a strategic map, which describes the company's strategy through goals (Geada *et al*, 2012).

These goals (objectives) are measurable through targets. A target establish and communicate the expected performance level to ensure that everyone understand their contribution to the organisation's strategy. They determine the degree of effort required to achieve strategic objectives, focusing everyone's attention on the continuous improvement. Must be measurable, balanced, achievable, challenging and motivating (Geada *et al*., 2012).

Pinto (2007) simplifies: the target allows reading results through performance indicators.

The proper definition of targets, builds an instrument that promotes quality information and opens communication with all stakeholders.

This dissertation is organised into eight chapters.

Before this introduction, there is a literature review, which is divided in two parts. One is a framework of corporate governance and an approach to what has been done in Portugal and in the European Union. In the other part, the management control framework, focused on the balanced scorecard concepts.

Chapter 3 describes the methodology adopted across this work: Case Study Method.

Thereby, chapter 4 presents the company's characterisation (using planning plans and reports).

The next chapter is the discussion, where through the methodology of case study, was analysed and characterised the balanced scorecards developed between 2009 and 2011, seeking for the answer to this question: *are target properly defined to promote transparency*? This point is supported by chapter 8 – Appendix, where all the balanced scorecards are presented.

Finally, the chapter 6 – Conclusions: besides the answer to the question under study, is reinforced the innovation of the work, since it is a subject never studied. We add suggestions for further work to be undertaken by company under study.

2. LITERATURE REVIEW

2.1. Corporate Governance

Corporate governance comprehends the structure of relationships and corresponding responsibilities among a core group consisting of shareholders, board members and managers designed to best foster the competitive performance required to achieve the corporation's primary objective (OECD, 1999).

According to the Financial Reporting Council (1992:15)[1]:

> "Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that the appropriate governance structure is in place".

There should be a "balance between economic and social goals and between individual and communal goals" (Iskander and Chamlou, 2000:v), as Sir Adrian Cadbury (the author of Cadbury Report - a code of best practice which served as a basis of corporate governance) said in the preface of *Corporate Governance: A Framework for Implementation-Overview* (1999).

The discussion over corporate governance arises from the need to combat fraud through good management practices, promoting efficient use of resources, based on the principles of transparency, fairness and social responsibility (Santos, 2009)**.**

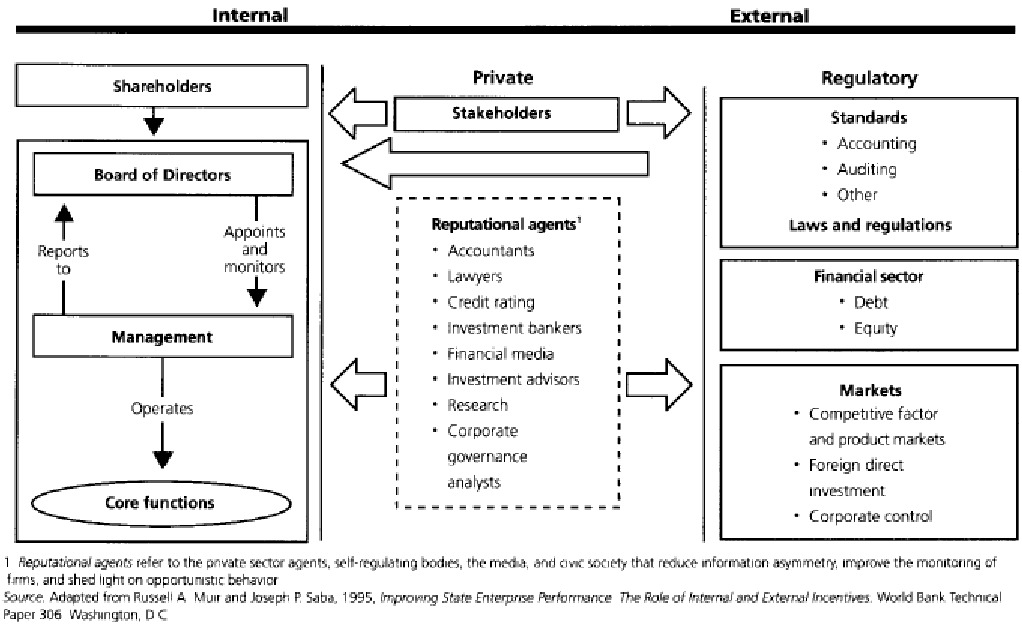
2.1.1. Corporate Governance Framework

A framework for corporate governance (Figure 2.1) reflects the interaction between internal incentives (a set of arrangements that define the relationships between management and board of directors and public or private shareholders) and external forces (internal mechanisms are strengthened by laws, rules – regulatory – and institutions that provide competitive playing field and discipline the behaviour of insiders – markets). These features have come together in different ways to create a range of corporate governance systems that reflect specific market structures, legal

[1] Document known as *Cadbury Report*.

systems, traditions, regulations, cultural and societal values and affect the agility, efficiency and profitability of all corporations (Iskander and Chamlou, 2000).

Figure 2.1 A corporate governance framework



Source: Iskander and Chamlou (2000:4)

The Figure 2.1 illustrates the relation between several stakeholders (internal and external).

2.1.2. Corporate Governance Principles

OECD (1999) mentioned four major principles for Corporate Governance:

i. Fairness;
ii. Transparency;
iii. Accountability
iv. Responsibility.

Those principles are a reference for political, investors, companies and others agents around the world, as a trigger for a solid financial system (OECD, 2004).

Fairness conveys equal treatment of all stakeholders, whether of owners or associates, customers, suppliers, or creditors, and do not tolerate any discriminatory attitudes. Company policies should protect shareholder’s rights and ensure equality among them (IBGC, 2010).

Corporate transparency is the widespread availability of relevant, reliable, credibly and timely information (Bushman and Smith, 2003).

OECD (1999) referees that information must be prepared, audited and presented in accordance with high quality standards.

It "should provide investors and other interest stakeholders with the components to develop a well-rounded, honest understanding about the decision-making process in a company where they have vested interests, or intend to pursue one" (Arafat *et al.* 2001:20)

These ensure that all the economic agents have access to correct information about a company, promoting an atmosphere of trust (IBGC, 2010).

About the accountability principle, accounting information may be:

> "A source of credible information variables that support the existence of enforceable contracts, such as compensation contracts with payoffs to managers contingent on realized measures of performance, the monitoring of managers by boards of directors and outside investors and regulators, and the exercise of investor rights granted by existing securities laws" (Bushman and Smith, 2003:69).

Corporate governance agents should account for their actions to those who have elected them, and fully answer for all their acts throughout their terms of office (IBGC, 2010). Accountability ensures that management and shareholders' interests are kept in.

Corporate responsibility is a broader view of corporate strategy, contemplating all kinds of relations with the community where the company operates. This principle should include preferred treatment of local people and resources. Directors must gear their efforts to the life-long existence of their organizations (sustainability), in compliance with laws, regulations and society norms (IBGC, 2010).

2.1.3. Corporate Governance Models

The most common corporate governance models are Continental and Anglo-Saxon.

The first one, is focus on an internal control system and is frequent in Europe and Japan. The ownership is concreted in few shareholders, which control the company (or delegate that responsibility on a “right-hand man”. In this model predominates dualistic management: a board with responsibility for the all company with non-executive administrators and an executive administrator, which responsibility is the daily management (Silva *et al.*, 2006).

The second one is focus on external control systems (common on stock exchange markets). Used in the United States of American and in United Kingdom, were companies are owned by several shareholders and information is crucial for markets trust (Silva *et al.*, 2006).

2.1.4. Previous Studies

2.1.4.1. Agency Theory

Bernheum and Whinston (1985) say that corporate governance can be described as a problem involving an agent – the CEO of the corporation – and multiple principals – the shareholders, creditors, suppliers, clients, employees, and other parties with whom the CEO engages in business on behalf of the corporation. This problem can also be described as a common agency problem (Becht and Bolton, 2005).

“Ross (1987) emphasizes that agency theory is the central theory for the explanation of managerial behaviour” (Alexander Brink, 2011:x).

This problematic relationship between principals and agents arises from the separation of ownership and control. According to Alexander Brink (2011:xi), quoted from Jensen and Meckling’s (1976) this is a “contract under which one or more persons (the principal[s]) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent (p. 308)” (Alexander Brink, 2011:xi).

Carvalho das Neves (2006) states that agency theory is fundamental in corporate governance’s analysis. In his newspaper article, he refers the need of align the interests of managers with those of shareholders assuming that such agents are rational, self-interested and risk-averse. The evaluation systems, such as management control, are an avenue that allows, monitor results, evaluate performance and reward according to achievement of results against the objectives.

However, the author questions if this will be the most suitable system. Note that, the agents can have a weak effort that is not immediately reflected in the results – *Moral Hazard's* [2]*problem* can be solved using *tableaux de board* or balanced scorecard.

"Supporters of agency theory regard the market for corporate control as an important way to discipline the agents (the managers) and motivate them to act in the best interests of the principals (the shareholders) and increase market value" (Wearing, 2005:8). These problems can be eliminated by reducing information asymmetries in two ways: in screening, in that the principal investigates the corporation, (e.g., by running controls); and by signalling, when the agent gives signals to the principal, either in accordance with the law (e.g., through reporting), voluntarily (e.g., through codes of ethics) or in a mixed form (e.g., through a code of corporate governance) (Alexander Brink, 2011: xi).

Coelho (1993:403) based on Jensen and Meckling's studies (1976), remember the basis of agency theory:

i. "All the agents act to maximize their utility function;
ii. Individuals are able to anticipate the incidence of agency relations under their assets future value".

According to Jensen and Meckling (1976) there are two other explanations for this problem: information asymmetry and "situations where the risk borne by the manager is higher than the risk borne by shareholders" (Coelho, 1993:410). This situation "may lead the manager to chooses investments less risky and, consequently, less profitable" (Coelho, 1993:410).

Coelho (1993) explains why agency cost occurs and classifies them in three different groups:

i. Control costs which are supported by the principal, to limit the agent field of action;
ii. Recognize costs which are taken by the agent to ensure that the principal are confident about his actions;

[2] - "the agent's opportunistic behavior after signing a contract" (Alexander Brink, 2011: xi).

iii. Residual costs that are the loss of utility of the principal because of divergences with the agent. This is an opportunity cost, in opposition with the first two which are explicit costs.

2.1.4.2. Other Studies

Efficiency theory determine efficiency by two closely related criteria: the first is *ex-ante* efficiency, that occur when a corporate charter generates the highest possible payoff for all the parties involved; the second is *Pareto* efficiency: when it is not possible to increase the agent utility without decrease other agent utility (Becht *et al.*, 2005). This theory, introduced by Pareto Vilfredo (1986), is conceptually illogical, because it seems impossible to achieve or, even achieved, it might cause unfairness (Zhou, 2005).

Those criteria are closely related when the parties can undertake profitable transfers among themselves: a *Pareto* efficient charter is also a surplus maximizing charter when the parties can make unrestricted side transfers (Becht *et al.*, 2005).

The empirical studies about the relation between ownership structures (diffuse or concentrated) and firm performance seem to have yielded conflicting results. Becht *et al.* (2005:11) argue:

> "Since dispersed ownership is such an important source of corporate governance problems it is important to inquire what causes dispersion in the first place. There are at least three reasons why share ownership may be dispersed in reality. First, (…) individual investors' wealth may be small relative to the size of some investments. Second, even if a shareholder can take a large stake in a firm, he may want to diversify risk by investing less. A related third reason is investors' concern for liquidity: a large stake may be harder to sell in the secondary market."

In the resource dependence theory, corporate governance refers to build successful organisations which have structures and interests that are effectively linked with the environment (Santos, 2009: 12).

Stakeholder's theory stresses the importance of all parties, which are affected, either directly or indirectly, by a firm's operations. Stakeholder refers to any party that has a 'stake' in the company: shareholders and directors (principal and agent in agency theory), employees, government, customers, suppliers and bankers.

Indeed, the list can be extended to include the general public, if it is accepted that a firm can affect the public through its actions on the environment (Wearing, 2005).

However, Wearing, (2005:11-13) aims that this theory:

> "(…) becomes incompatible with corporate governance when the number of groups identified as stakeholders increases dramatically to the point where the term 'stakeholder' is no longer meaningful for analysis (…) because of the added dimension of conflicts between the various stakeholders."

Stewardship theory defends that "executives act more at the interest of the organisation than in their own interest" (Santos, 2009: 11). They value "self-recognition, prestige, professional achievement, responsibility, selflessness, beliefs, respect for authority and intrinsic motivation for satisfaction in performing their tasks" (Santos, 2009: 11). On the other hand is the agency theory (see 2.1.4.1).

2.1.5. International Best Practices

The Cadbury Report (1992) set out recommendations to mitigate corporate governance risks and failures and have been adopted by the European Union, the United States of America and by the World Bank.

Thereafter, ideas were reinforced and added recommendations, namely the Hampel Report (1998), Turnbull Report (1999), Higgs Report (2003) and Smith Report (2003).

However, the Cadbury Report remains the basis of corporate governance recommendations.

OECD (2004:17-24) principles have the follow objectives:

i. Ensuring the basis for an effective corporate governance framework;
ii. The rights of shareholders and key ownership functions;
iii. The equal treatment of shareholders;
iv. The role of stakeholders in corporate governance;
v. Disclosure and transparency;
vi. The responsibilities of the board.

"The ECGI is an international scientific non-profit association" that provides "a forum for debate and dialogue between academics, legislators and practitioners, focusing on major corporate governance issues and thereby promoting best practice".

ECGI is able to "advice on the formulation of corporate governance policy and development of best practice" (ECGI, 2013).

2.2. Control

Poeiras (2009) summarizes that management control concept grew over the time. It gradually changes the initial focus on efficiency to "managing performance / value creation".

The same author summarizes the functions of management control as follow:

i. Goals Emphasis;
ii. Organisation Integration;
iii. Autonomy with control;
iv. Implementation of strategic planning.

The principles of management control, as outlined in the work of Poeiras (2009:22) reinforce that:

i. "The company's objectives are not purely financial;
ii. Should promote decentralisation and delegation of authority;
iii. Strategic alignment between the top managers and the operational managers;
iv. Should focus on the action;
v. Time frame focused on the future;
vi. Behavioural nature;
vii. There must be a system of rewards and sanctions
viii. The first line of operational management is more responsible than management controllers."

Pinto (2007:25-26) mentions Osborne and Gaebler (1992)[3]: “If you cannot measure results, we cannot know whether we have succeeded or failed. (...) If you do not reward success, probably end up rewarding failure” – showing the importance of Corporate Performance Management (therefore, control, by the existence of shared objectives.).

In their processes, control management uses three types of instruments (Poeiras, 2009):

i. Pilotage: e.g. operating plan, budgets, balanced scorecard and *tableau de bord*;
ii. Behavioural: responsibility centers (e.g. cost centers, results centers);
iii. Dialogue: tools used during implementation process which are against resistance to change (e.g. internal communications).

2.2.1. Balanced scorecard

According to Kaplan and Norton (1992:71), “balanced scorecard is a set of measures that gives top managers a fast but comprehensive view of the business”.

On the first article on Balanced Scorecard, in 1992, this two authors tried to study a problem which prevailed among firms: the traditional financial indicators were insufficient and sometimes led to misconceptions about the reality of companies.

These two researchers study performance evaluation since 1990 and in 1992 presented the paper "The Balanced scorecard: Measures That Drive Performance."

The combination of academic knowledge and industrial work led to the constant improvement of this monitoring tool, which became a tool of strategic formulation and implementation. This led to papers as "Putting the balanced scorecard to Work" (1993), "Using the balanced scorecard to strategic management system" (1996) and the establishment of *BSCol* (the organisation who studies, develops and implements Balanced scorecard).

Around the world, other researchers followed the same steps and bibliography on the subject is diversified.

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[3] Osborne and Gaebler (1992) Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector: 138-165

In conjunction with 12 companies, Kaplan and Norton (1992) observed that any indicator was able to provide the information that managers needed to make decisions and that want a balance between financial measures and operational measures.

Therefore, this tool includes financial measures which are complemented with operational measures on customer satisfaction, internal processes and the organisations' innovation and improvement activities because no single measure can provide a clear performance target or focus attention on the critical areas of the business.

This tool "forces managers to focus on the handful of measures that are most critical" (Kaplan and Norton, 1992: 71). It allows the manager to be "able to view performance in several areas simultaneously (…) and minimizes information overload by limiting the number of measures used".

According to Geada *et al*. (2012) this tool allows management focused on creating value and competitive differentiation of the company.

Kaplan and Norton (1997) resume the main objectives of this tool:

i. "Clarify and translate the strategic vision;
ii. Communicate and link strategic objectives and measures[4];
iii. Planning, setting goals and align strategies;
iv. Improve the feedback" (Kallás, 2003: 26-27).

Similarly, Geada *et al*. (2012:24-25) mentions five common principles in the implementation of the balanced scorecard:

i. "Translate the strategy into operational terms;
ii. Align the organisation to create synergies;
iii. Transforming strategy everyone's job;
iv. Make strategy a continual process;
v. Leading for Change".

[4] - "Limiting the measures and linking their values to improve clarity, allow for transparent communication throughout the organization, and effectively manage change" (Papalexandris *et al*.,2004: 351) .

Summarizing, this is a strategic management instrument - communication, execution, measurement, change and improvement - focus on organisational performance (Pinto, 2007).

2.2.1.1. Strategic Perspectives

The balanced scorecard philosophy is founded in four major areas (perspectives):

i. Customers;
ii. Internal business;
iii. Innovation and Learning (also called Learning and Development) and
iv. Financial.

This instrument "demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers" (Kaplan and Norton, 1992: 73).

In customers' perspective value is achieved through the combination of product / service, price, service and relationship (Kallás, 2001). The main goal "is to identify the customers, their needs and the needs of the market segments where it intends to compete" (Geada *et al*, 2012: 32).

Internal business' perspective is a set of measures, which show "what the company must do internally to meet its customers' expectations. (…) excellent customer performance derives from processes, decisions and actions" (Kaplan and Norton, 1992: 74).

These measures "should stem from business processes that have the greatest impact on customer satisfaction" (Kaplan and Norton, 1992: 75). This perspective underlies the concept of value chain[5], focus on primary and secondary activities (operational activities, logistics, product development and / or services, distribution, marketing and sales) (Geada *et al*, 2012).

While the customer's and the internal business' perspectives measure what the company considers most important for achieving financial objectives, the innovation and learning perspective shows the:

[5] Michael Porter Value Chain (1985)

> "Company's ability to innovate, improve, and learn ties directly to the company's value. (…) the ability to launch new products, create more value for customers, and improve operating efficiencies continually can a company penetrate new markets and increase revenues and margins – in short, grow and thereby increase shareholder value" (Kaplan and Norton, 1992: 75).

Kaplan and Norton (1992) studies show that financial measures do not express the company reality, but they are needed. Managers should focus on value creation using the financial goals as a guide for the remaining perspectives (Kaplan and Norton, 1992).

"Financial performance measures indicate whether the company's strategy, implementation, and execution are contributing to bottom-line improvement" (Kaplan and Norton, 1992: 75).

According to Geada *et al*. (2012: 24) "successful companies in the implementation of balanced scorecard revealed a consistent pattern of success in achieving the strategic focus and alignment". Kaplan and Norton (1992: 174) reinforced:

> "By forcing senior managers to consider all the important operational measures together, the balanced scorecard lets them see whether improvement in one area have been achieved at the expense of another".

2.2.1.2. Strategic Map

Apart from these four perspectives, the balanced scorecard consists of a strategic map (Kaplan and Norton, 2001), which describes the company's strategy through goals related with the four perspectives and allows management to align processes, people and technologies for superior performance (Geada *et al*, 2012). This concept emerge early (2001)[6] with the objective of linking crucial elements to strategy and making visible the cause-and-effect relations.

Balanced scorecard structure allows managers to look at the business from four important perspectives (Figure 2.2) based on cause-effect relationships (clearly visible on the strategic map - Figure 2.3).

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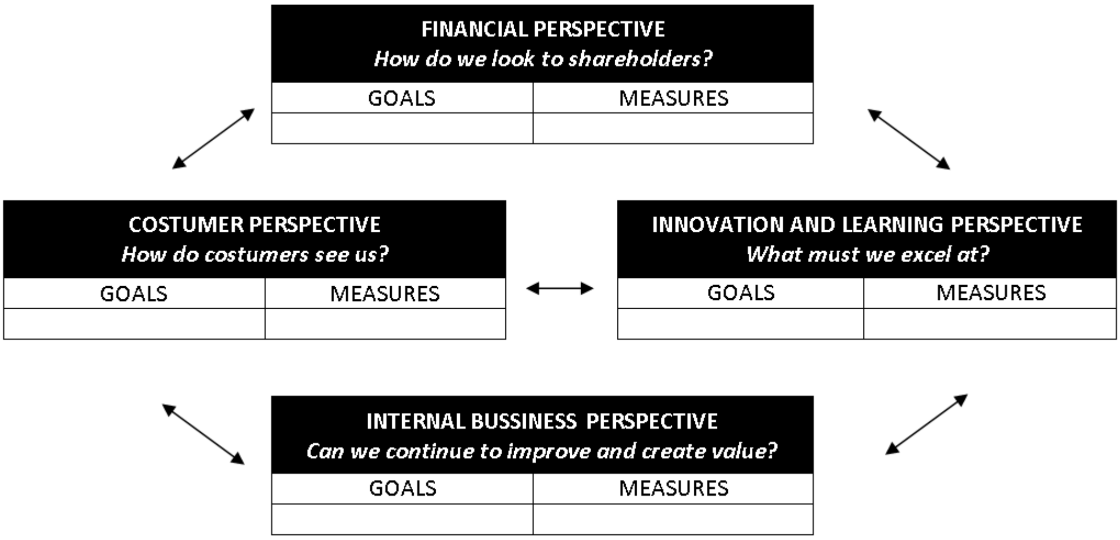
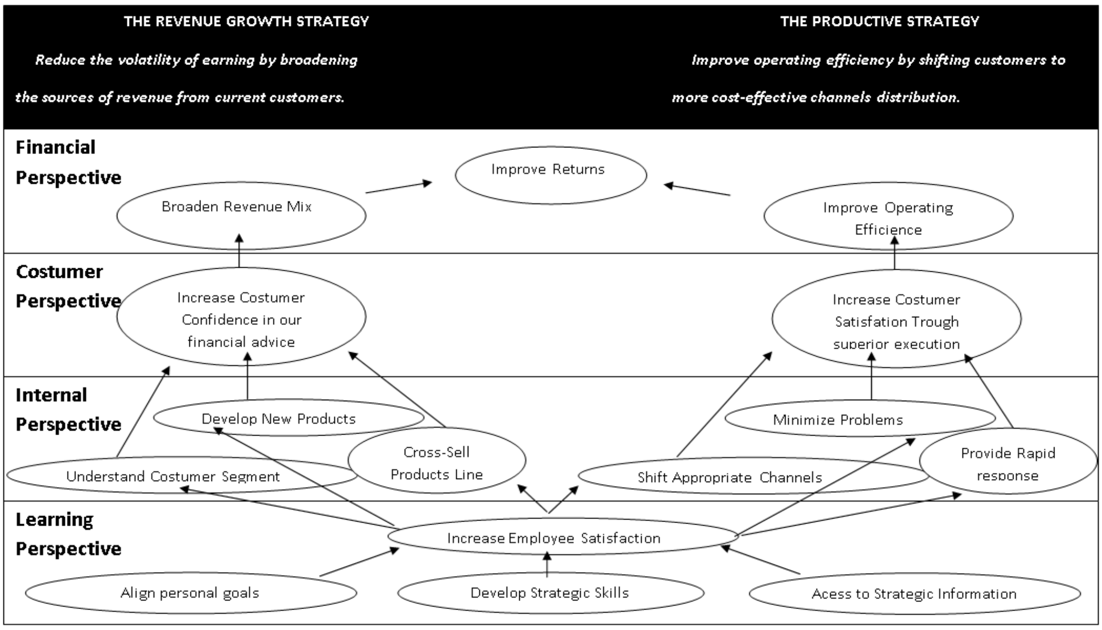
[6] Kaplan, Robert S., Norton, David P. (2001) Transforming the Balanced scorecard from Perfomance Measument to Strategic Management: Part I Accounting Horizons pp. 87-104

Figure 2.2 The Balanced scorecard links performance measures



Source: Kaplan and Norton, 1992: 72

Figure 2.3 A strategy is a set of hypotheses about cause and effect



Source: Kaplan and Norton, 1996:71

2.2.1.3. Goals and objectives

The final version of Balanced Scorecard is a simplified vision of the company and indicates, for each perspective, what are the strategic objectives (Figure 2.4). For each objective, one or more indicators, respective target and tasks (Geada *et al.*, 2012).

Doran (1981) finds a different way to establish goals fundamental characteristics. The author says that goals and objectives should be S.M.A.R.T.:

i. Specific: it is clearly written so that it is easily understood by the stakeholders;

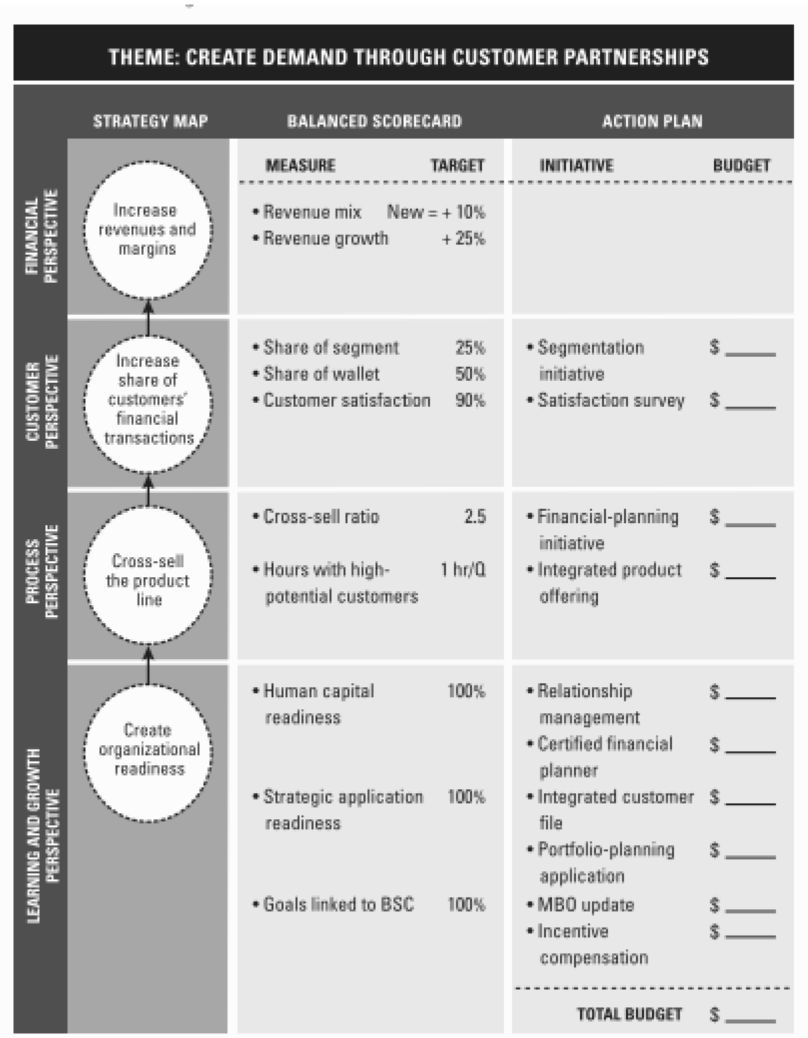
ii. Measurable: it covers at least one measure of a quality metric, quantity, time and/or cost;

iii. Attainable: the company should have resources to achieve it;

iv. Realistic: it is within reach of the company to meet the expectation;

v. Time bound: it has a deadline

Figure 2.4 Balanced Scorecard



Source: Kaplan and Norton (2006:105)

2.2.1.4. Indicators

An indicator shows how will be measured the success of the goal (Geada *et al.*, 2012).

To understand this tool it is necessary to distinguish lag indicators from lead indicators. Lag indicators report on the outcomes from past actions (e.g. return on investment, revenue growth, customer retention costs, new product revenue, and revenue per employee). While, lead indicators are measures of the drivers of future financial performance that should complement lag indicators (e.g. revenue mix, depth of relationships with key stakeholders, customer satisfaction, new product development, diversification preparedness, and contractual arrangements) (Craig and Moores, 2005).

However, further classification can be made. Pinto (2007) points out:

i. Output indicators;
ii. Productivity indicators;
iii. Efficiency indicators;
iv. Service's quality;
v. Effectiveness;
vi. Cost-effectiveness;
vii. Customer is Satisfaction.

2.2.1.5. Targets

Define targets is to establish and communicate to the organisation the expected performance levels, so that everyone can understand their contribution to the organisation's strategy. They determine the degree of effort required to achieve strategic objectives, focusing everyone's attention to the continuous improvement. Must be measurable, balanced, achievable, challenging, motivating and have often evaluated designated responsible (Geada *et al*., 2012).

The Balanced Scorecard Institute (2013) defines target as "the numerical value of a performance metric that is to be achieved by a given date. Both the metric and the schedule need to be specified for targets." Pinto (2007:66) simplifies: "The goals give meaning to read results through performance indicators."

Set targets is a way for “better performance management by determining what creates value in the company [and] the final selection (…) would lead to increase motivation and effort towards achieving goals and improving selected measures, and would also contribute to assuring that the measurement schedules would be kept” (Papalexandris *et al.* 2004: 357, 363).

In a Greek study about an informatics organisation, Papalexandris *et al.* (2004: 363) referee the importance of sub-milestones:

> “Managers were also prompted to set sub-milestones for the target in order to monitor performance and avoid diversions. Due to the lack of experience with target-setting, targets were frequently altered towards more feasible ones, and practice combined with experience supported precise and appropriate target-setting procedures as time progressed, finally a compensation scheme for the attainment of the target in the leading performance indicators was devised and accepted by the management committee”.

Originally, balanced scorecard was a control tool and it has not lost their first purpose. Therefore, it should be integrated into the process of company control and look for deviations. If there is a deviation, it “is a signal that the previously planned path toward strategy implementation should be reconsidered” (Ahn, 2001: 454).

Pinto (2007) reinforces this last idea, saying that is necessary to set less ambitious goals, suitable for shorter periods of time (one year, for example). In order to monitor them regularly and not just in the period referred to the strategic goal (longer than three to five years).

2.2.1.6. Tasks

Balanced scorecard “established the goals, but assumes that people will adopt whatever behaviors and take whatever actions are necessary to arrive at those goals” (Kaplan and Norton, 1992: 79).

A task should be a project or a new simple daily activity. Every task needs a plan with all resources listed (Kaplan and Norton, 1992).

2.2.2. Other models

Kallás (2001: 29-36) summarizes a number of other models that are similar and/or complementary to the balanced scorecard:

i. Maisel's balanced scorecard (1992) - in this model the learning and development perspective is replaced by the human resources perspective (the author says that the company must pay attention to the staff efficiency);
ii. Mcnair's Pyramid performance (1990) –customer oriented model, based on the concepts of total quality management (TQM), industrial engineering and activity reports;
iii. Adams and Robert's Effective Process and Performance Measurement (EP^2M, 1993) – this model views the organisation with four perspectives: top-down measures (manage strategy and change); bottom-up measures (human action and the outcomes of ownership and accountability); internal measures (to improve and sustain both process efficiency and effectiveness) and external measures (markets, customers and suppliers);
iv. *Tableau de Board* - this model considers the firm as a system, which critical success factors must be translated into quantitative performance indicators to support the decision making process;
v. Hoshin Planning / Policy Deployment - process used to identify and address critical business needs and develop the capability of employees, achieved by aligning company resources at all levels.

On the other hand, Pinto (2007) adds some tools and methodologies, easily reconcilable with the balanced scorecard:

i. Measurement systems and accounting and financial indicators;
ii. Activity Based Costing / Activity Based Management (ABC/ABM) – is an accounting tool that drives outputs which are excellent inputs for balanced scorecard (in particular, for strategic map);

iii. Business Process Reengineering (BPR) - seeks to improve the processes and to avoid waste, creating more value for the customer, which translates into greater profitability;

iv. Six Sigma - this tool intends to eliminate variations (eliminating the disadvantage of averages indicators) and improve the quality of service (client perspective and internal processes). Their origin is connected with the TQM and the BPR;

v. Customer Relationship Management (CRM) - this methodology is crucial to achieve customer’s perspective goals (which are fundamental to achieve financial goals).

3. METHODOLOGY

The case study methodology was the basis of this work, because it "is expected to capture the complexity of a single case" (Johansson, 2003), with the advantage "that case studies can bring interesting real-world situations" (G. J. Seperich *et al*. 1996).

According to authors such as Yin, Stake and Simon (Soy, 1997), there are six steps to follow:

i. Establish the research focus (transparency), object (balanced scorecard targets) and subject (municipal corporation);
ii. Define data required for review (Balanced Scorecard and several reports);
iii. Prepare to collect data (use of the data was approved by the company with the assurance that its name remain anonymous);
iv. Collect data, particularly balanced scorecards presented between 2009 and 2011 and the respective indicator spreadsheet, including construction notes, answers to emails for clarification (by the department of audit and control), activity plans and reports and accounts);
v. Evaluate and organise this data, into two fundamental points: the company characterisation and the analysis of the company's balanced scorecard;
vi. Prepare the conclusions, based on the evaluation of the provided data.

The company was chosen based on the complexity of its activity and on the diversity of stakeholders.

For the company characterisation (Chapter 4) was based on the analysis of activity plans from 2007 to 2012, the reports and accounts from 2008 to 2011.

Firstly I describe the company, the legal aspects around its activity and the corporate governance model.

Secondly, I desegregate the company according to its organogram, and describe each department: human resources, main activities, objectives, strategic map and relation between departaments.

4. FIRM CHARACTERISATION

Created in 2007, under the law 58/98 of 18th August this *“Empresa Municipal”* results on the municipality’s delegation of powers, with respective fees and taxes approved and published in the *“Diário da República”*.

Its activity is to manage public infrastructures, at a luxury resort territory, in Algarve (Portugal). The company aims to provide a transparent, rigorous and impartial management, guided by quality, excellence, differentiation and innovation, focusing on the concept of *EcoCity*, according to activity plans and budgets from 2010 to 2012.

For such purpose, their activities are design according to:

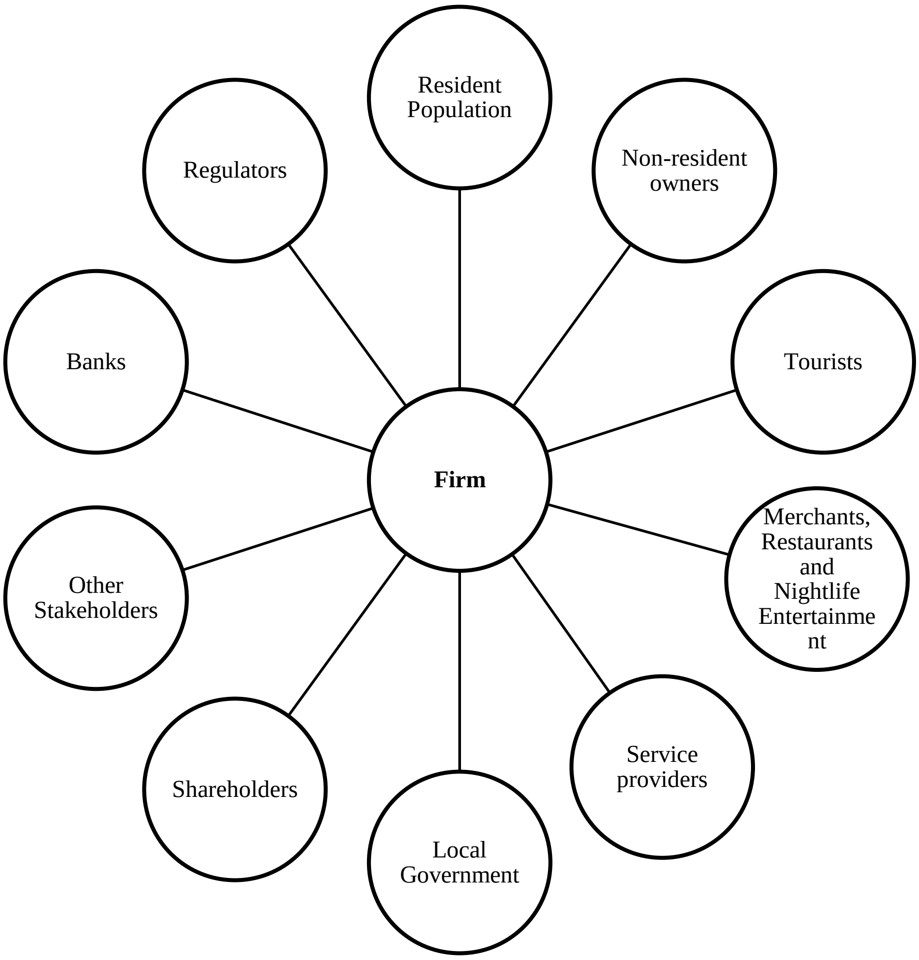
i. Urban rehabilitation;
ii. Mobility;
iii. Sports and culture promotion (Life Quality);
iv. Environmental sustainability;
v. Security of public space.

The government system is predominantly Continental (Silva, *et al*. 2006), with the following characteristics:

i. Concentration of capital, shared by two entities – the local government and a private company;
ii. Control of managers (directors) by the capital owners;
iii. Strong role of capital owners in the strategic planning;
iv. Capital owners are represented by reliable people (elements of the capital owners company's management and or political nominations);
v. The administration model is dualistic, because there is a *Board* with responsibility for strategic decision-making, and a CEO which responsibility is the daily management

The diversity of stakeholders (Figure 4.1) results from the specificity of the company’s action: a company with private capital develops a public service.

Figure 4.1 Firms Stakeholders

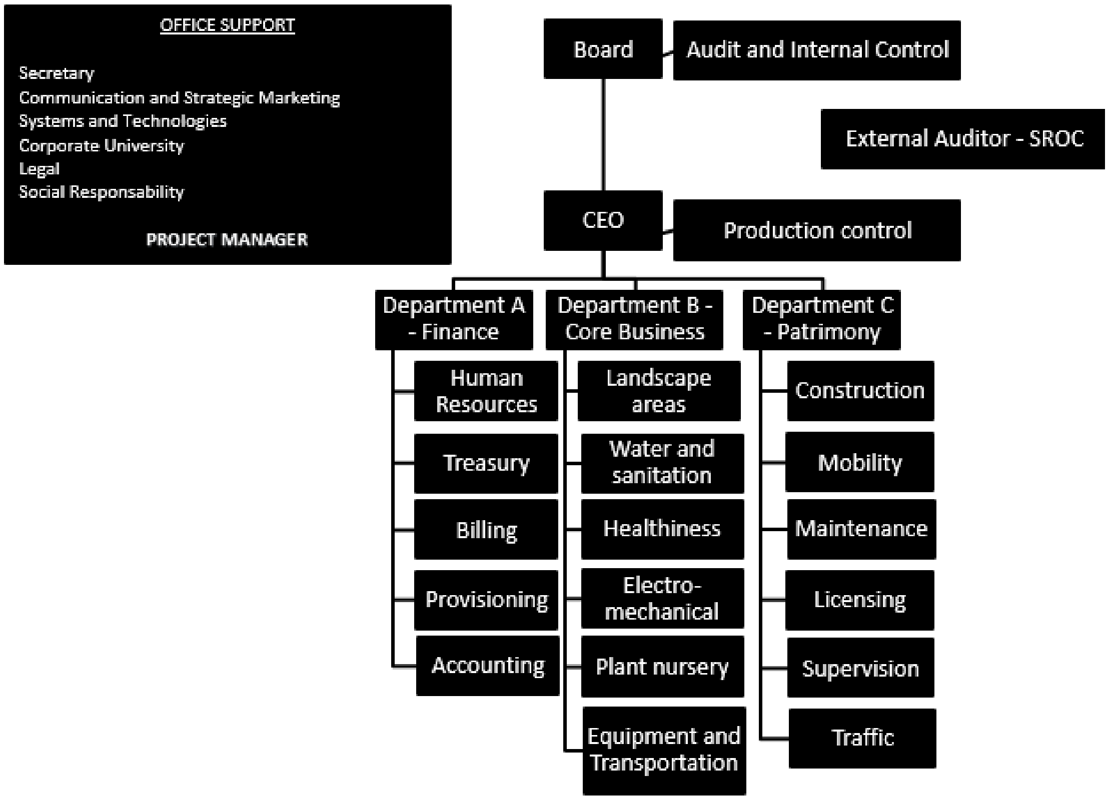


Source: author

The following organisational chart (Figure 4.2) allows us to clarify the above governance model.

The elements from the top of the hierarchy make the strategic decisions and translate it into operational objectives for the different departments. Each business unit has their goals.

Figure 4.2 Organisation chart



Source: Source: adapted by the author, based in Activity Reports between 2008 and 2012

The **Audit and Internal Control Office** aims to analyse and evaluate the adequacy, effectiveness and efficiency of control systems, as balanced scorecard (responsible for the whole implementation process and indicator monitoring).

This control system seeks to measure the performance of the remaining business units, comparing goals, plans and policies.

The activity is independent to the CEO and provides information to the Board.

This office is an instrument for ensuring the credibility and transparency of services, the legality of expenditure (framed in public procurement legislation), the financial equilibrium, the reliability of information, as well as support the continuous improvement of services' quality.

This activity could be summarizing in two major areas:

i. Management Audits - evaluation of performance indicators in order to identify possible causes of efficiency and effectiveness' loss and propose improvement actions;
ii. Operational Audits - ensuring transparency, reliability and integrity of the organisation.

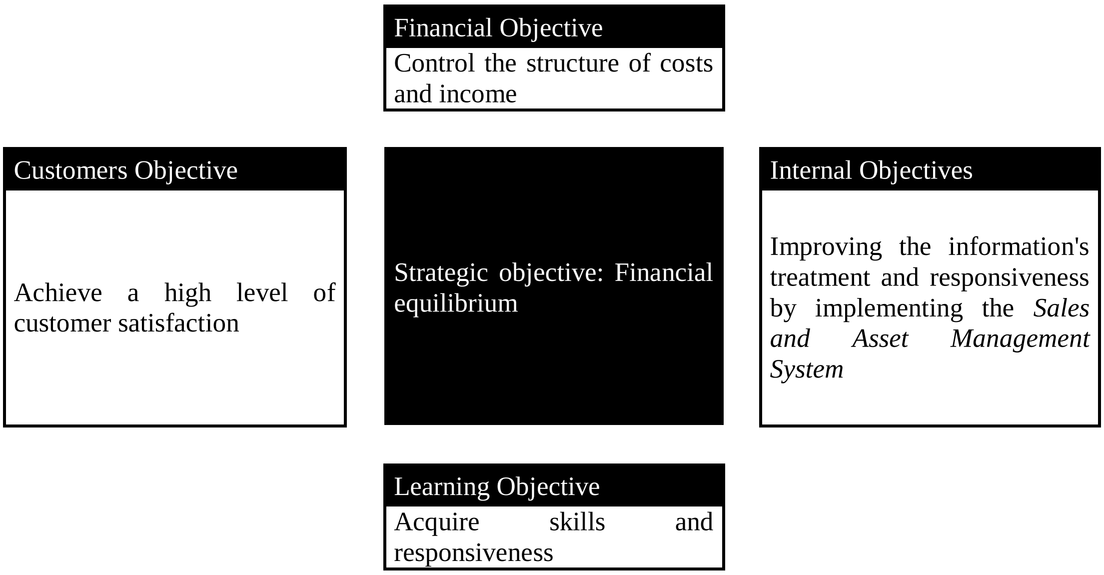
The elements of this team receive training in "audit and quality", based on ISO standards. In addition, their basic training is distinct, which allows to have a multidisciplinary team.

The current activity is developed through the *Complaints Management System*, Surveys (population auscultation), the *Quality and Environment System* (allowing compliance with the assumptions of the ISO standards) and the monitoring of indicators (Balanced Scorecard).

The **finance department (A)** is responsible for asset management, human resources management (payroll, recruitment, work hygiene and safety and training), treasury and accounting. In addition to its traditional activities, given the specificity of its services, it is necessary to consider the legal aspects that lead and influence the various procedures and relationships with third parties.

Its objectives are the value creation, fixed costs reduction (value proposition based on efficiency and effectiveness), positive results and increase the ability to finance with equity capital, as shown in Finance department strategic map (Figure 4.3).

Figure 4.3 Financial Department objectives



Source: adapted by the author, from company's BSC

During the period under review, the information system was decentralised. The company uses several softwares, for accounting, billing and treasury management and recording relevant data from teams and assets. However, as noted in several reports (and reflect in the balanced scorecard), the company's goal is to centralise all the information in a single software.

The team has elements that perform functions of reception and at the front office. These elements have extensive experience in customer service, which have been improve with training.

Back office has elements with higher education and elements who acquired their skills through professional experience (played similar functions in the private company that owns 49% of the company capital).

The company has more than 100 employees, most of them are male, over 50 years old and more than 30 working years (they moved from the private shareholder), which reinforces the idea that the experience is an advantage to the company's operation. The trend is to increase the number of female elements (promoting equal opportunities) and to promote trainings (more than 50% of employees access it every year).

In order to improve, this company adopted the “360º evaluation model” which assumes that the performance of the organisation depends on the performance of each individual and their collaboration within a team and the evaluation process involves colleagues, peers, subordinators and coordinators, customers and suppliers. Like Clawson and Yemen (2008), this model must compute the past, improving deviations in the present and plan for the future.

The **core business department (B)** is responsible for the following systems:

i. Water Supply;
ii. Sanitation;
iii. Waste collection;
iv. Landscape maintenance;
v. Healthiness;
vi. Electromechanical;
vii. Nursery;
viii. Fleet Management.

The delegation of power occurs between the business unit’s direction and operational teams. Each team has a coordinator who ensures the execution of different tasks.

Figure 4.4 Department B Objectives

Financial Objectives
- Operating costs' reduction
- Water losses' reduction

Customers Objectives
- Determine the average price of the service
- Ensure Good Water Quality
- Measure customer satisfaction
- Ensure reliability of supply
- Reduce the response time to requests

Strategic objective: Ensure the water supply, good quality and pressure, with minimum disruption and cost-optimized

Internal Objectives
- Optimize the allocation of human resources and equipment
- Rehabilitate the supply network and the sewerage system
- Effectiveness of system maintenance support
- Improve service level
- Improve safety in the workplace

Learning Objectives
- Increase knowledge and participation of employees
- Implement the system maintenance support
- Set the urban cleaning circuits
- Optimize the use of equipment

Source: adapted by the author from this company's BSC

The direction's knowledge goes from hydraulic engineering and environmental engineering to project management, team coordination and strategic planning.

This unit supports the largest number of employees, which are able to promote a quick response to the needs of systems (water supply network).

To achieve their goals it is necessary to control all the system. Therefore, every work is planned day-by-day and team-by-team, which allows the calculation of costs and working time, as well as taking knowledge of the status of each work/service (Production Control).

Its mission is to provide a service of excellence in the conservation and maintenance of public spaces and infrastructure, assuming an environmental commitment. Service excellence is achieved through the water supply, in good quality, at the right pressure and with minimum disruption possible (Figure 4.4).

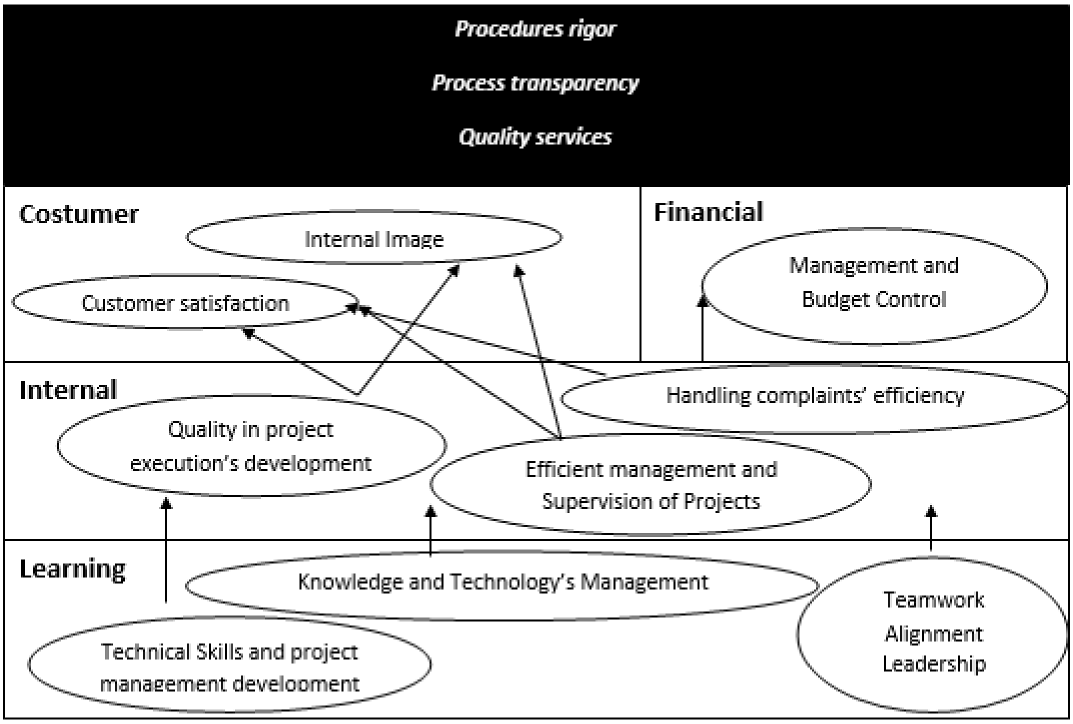
Balanced scorecard reflects these guidelines:

i. Continuous reorganisation of services, in order to increase productivity, with the optimization of available resources, medium term planning and automation of work procedures (production control);
ii. Execution of structural works in water supply network and sewerage and support facilities;
iii. Support to ensure works in progress;
iv. Improving environmental.

The **heritage's department (C)** gathers two former departments (Public Works and Public Space Supervision).

This department combines the coordination and development of public works' projects, rehabilitation, upgrading and urban improvement (includes monitoring, coordination and supervision of studies, development and follow up of pre-contractual procedures) and coordination of public space maintenance team.

Figure 4.5 Department C's Strategic Map



Source: adapted by the author from the company's BSC

Its work is visible to the stakeholders through these areas:

i. Toponymy;
ii. Road signs;
iii. Traffic management;
iv. Police's port numbers;
v. Urban mobility;
vi. Furniture and other urban facilities;
vii. Licensing and supervision;
viii. Public advertising.

Internally, it is frequent to occur the leadership of team project (e.g.: documents management, geographic information system and the new portal development). In addition, it is responsible for coordinating the maintenance team, including carpentry and metalwork.

Urban planning is concerned to accessibility for all by, removing architectural barriers and the promotion of secure for pedestrian and cyclists.

Like the rest of the company, this team has elements with higher education, particularly in civil engineering and elements whose accumulated experience is the key to business success. The needs of the company and the successive external changes (e.g., laws) make essential the frequent training.

In addition, the company has a group of employees forming a **Project Team**, whose goals are adapted to the specific needs of each project. Any unity may led a project, depending on their area of the expertise.

This team should have the following areas:

i. Communication and Marketing;
ii. Systems and Technology;
iii. Corporate University;
iv. Front Office / Secretary;
v. Legal;
vi. Social Responsibility.

The Communications and Marketing team plays a crucial role. The current bet is "rebranding and communication", transforming it on a vehicle for building critical mass, which should reach the different stakeholders. Together with the direction of heritage (C) promotes advertising smoothly and disciplined.

This team is also responsible for implementing the IT system, to support asset management, with special emphasis on fleet management, a collaboration with departments A and B.

The Corporate University shall provide adequate training to the needs of employees, triggered by the strategic and operational objectives. This training is also for the stakeholders and differentiates by the partnerships with several universities and national research centres.

The Front Office is responsible for direct contact with customers. These employees must provide quality information, personalised service and quick and effective resolutions. They also collaborate with department A.

As mentioned before, the activity of this company is quite legislated. Therefore, all projects must be follow to ensure their compliance.

5. DISCUSSION

The balanced scorecard was adopted by the company, in 2009. This tool allows performance measurement, as a support for decision-making based on measurable facts.

Despite the implementation of this tools happened in simultaneously in the four business units, the differences between the balanced scorecards of each unit are evident.

This chapter is organised according to the essential aspects to be considered in order to promote transparency.

5.1. Coherence and frequency

The main weakness of some targets is the lack of coherence between the frequency of calculation of indicators (semester, in most cases) and the target period (annual). The absence of this equality does not allow adequate control of target achievement. If there is no timely control, managers cannot have a prompt response and corrective actions, to ensure that the goal is a 100% complete.

The seasonality of tourism influences this company activity and leads to the definition of intermediate targets, that cannot be distribute into twelve months of the year. It is necessary to analyse historical data, understand trends and reflect them in targets.

The R01 indicator is an example of this incoherence (Appendix 8.1). This indicator measures the turnover profitability, i.e. depends on the company's ability to generate revenue. Water supply is the biggest source of income, and consumption trends are known, so it is possible to predict the turnover daily and what the company wants to growth. If the company knows what to expect at the end of the first quarter, they can monitor these values daily and respond in accordance.

5.2. Review

There are notorious cases of target accomplish in *year n,* however, in *n +1* there is no target upgrade.

For example, the RH43 indicator (Appendix 8.1), which measures the relative number of collaborator who received training during a period of time (semester and year), have been overcome between 2009 e 2011.

Despite this, the target stills the same. Several conclusions can be drawn, some erroneous, but equally valid in the external analysis of the balanced scorecard.

One of them is that all employees should not receive training at least once a year - the indicator is different from 100%. The indicator does not change over time (although, in 2010 reached 90%), so that the company did not ambition that all employees receive training. Recalling the logic of the strategy map and that the "Innovation and Development" perspective, emerges as the basis of this company. The indicators presented must reflect the desire of being a pioneer company. In a company where human resources are critical factors for success, training cannot be overlooked, because it may put in danger the quality of the service, the efficiency and effectiveness of teams.

If there is no update of the target, the company will always have the goal accomplished. Thus, there is a gap of information, which could lead to stagnation, because the information provided does not show the reality. Such deficiencies can be more or less significant, depending on the type of indicators under analysis.

Looking at cost reduction indicators (CE01 and CCV01 - Appendix 8.1) we conclude that if the company stops in a level of reduction, it could not verify improvements in other areas (recall the cause-effect relation between action indicators and result indicators). For example, structural costs (CE01 - Appendix 8.1) represent 96% of total costs - target was 96%[7], so the objective was accomplished - and there is no update, the company will continue to consider the structural costs should remain unchanged, so the cost of value creation does not improve (CCV01 - Appendix 8.1).

On the other hand are the unaccomplished targets. Directors should ask themselves if they are unreachable under the actual structure (so we should change the target or the operation) or if the company did not try hard enough (the company has resources to reach it). One example is E02 indicator – Solvency Ratio (Appendix 8.1), which is expressed by the ratio equity / liabilities. Thus, this ratio will be greater if the capital increase and / or the company's liabilities reduce. How should the company increase its equity? Are the shareholders willing to subscribe new equity? How the company should reduce its liability? Are the inflows sufficient to meet this reduction? The target should be set taking into account the company's ability to achieve it.

[7] Hypothetically, because this indicator has any target.

In addition, as observed in the analysis to the department A, department B overcome some targets (and there are some indicators that they never overcome), but they are not updated between periods. For the same reasons, a target review should be realised. Indicators as AR11 – Rehabilitation of collector (Appendix 8.3*)* should be revised according to planning and budgeting of rehabilitation projects and the level of service you want to provide for each zone.

5.3. Singular

Next, we should look at the definition of target as the numerical value that allows to assessing the achievement of a goal. When an indicator has as range value target, it creates a gap for the director (e.g. AR16 – Human Resources – Appendix 8.3). It is not clear if the goal is achieved at the lower limit or at the upper limit of the range, making the target meaningless. The indicators have to be singular.

5.4. Sustainability and optimization

Another observation is that the target should not be limited to its optimal value. The principle of financial equilibrium depends on the existence of a positive result, as indicated by the target of indicator *E03 – Financial Autonomy* (Appendix 8.1). However, it is not sufficient to accomplish the long-term objectives. The debate over the optimal value of financial autonomy ratio is vast and finds diverge, so that could be difficult to realise what is the best target to the company.

Also, note that legal requirements are the basis of some targets, as a minimum marker, such as the minimum number of hours of training per employee. However, given the differences between departments, the minimum number of training hours may differ. Currently, the BSC of finance department reflects the number of hours of training across the company (indicator RH44 - Number of training hours per employee - Appendix 8.1), working as corporate map. Thus, the target may be distorted, by representing an average number, which does not provide relevant information (this information will be relevant to each department according to specific needs).

In addition, the target should also reflect the cause-effect relation. So, in cases such as indicators CE01 and CCV01 (cause-effect relation is easily observable), the targets must be consistent. Thus, if the CE01 target was 10%, the CCV01 target should be 90%

- their sum should be 100%, so an increase in one of them will always involve a decrease in the other and vice versa (they are oppose, complementary and reverse).

Finally, some indicators have as target growth rates. However, in the first year under review there is no kind of comparison (baseline year), as the indicator IR11 - Amount of waste collected (Appendix 8.4). Without a baseline year, the indicator is meaningless. Moreover, these rates may not be constant, because growth must be sustainable and there is a limit for it, as it is the case of the indicator IR12 – Types of waste collected (Appendix 8.4), because the number of types of waste that is collected have a limit.

In most cases, indicators came as achievement rates. This option facilitates the definition of targets, which will have values between 0% and 100%.

Therefore, indicators as DOP07.2 – Meeting the deadlines (Appendix 8.7) should have a target the value of 100%, because delays results on more costs. Moreover, indicator as DOP06.1 – Errors and omissions (Appendix 8.7) should have a 0% as target, for the same reasons.

As department B, some indicators have as targets like growth rates. Cases like the indicator DPF02 - Volume Business Profitability (Appendix 8.8) should not only indicate growth but also an evaluation based on the results of other companies with the same activity (benchmark). As noted above, they should revise growth and take into account the limits of operation of the company, i.e. what is its capacity of selling public space.

5.5. Obligatory

To assess if the objective was accomplished or not, managers need to have targets.

Department B is the department where it happens often. For example, *RS03 – Average price of the service* (Waste Collection – Appendix 8.4) has any target. The main objective was "*Establish the average price of the service*" so the target should be easy to define: "accomplished" or "not accomplished".

5.6. Disconnection and Benchmarking

Department B is the best example of a department that chose adopt the targets indicated by the regulator.

However, the company may set a different metric, for indicators as AA02 – Service's Average price (Appendix 8.2) and AR02 - Service's Average price (Appendix 8.23).

The external entity's reference is the national average, which includes companies and municipalities whose socio-economic reality and infrastructure are different. To achieve its objectives the company should compare the average price of the service with entities with a similar characteristics (benchmark).

6. CONCLUSIONS

The analysis of this company allows to observe some of the characteristics of corporate governance as "the eight key dimensions of corporate governance" (Davies, 2006:):

i. This company clearly want to be pioneer, so they define their identity through this concept;
ii. All the collaborators know what shall they do the next to achieve the major objectives;
iii. The leadership role of the CEO, directors and coordinators is the driving force behind corporate governance and balanced scorecard implementation;
iv. Delegation and comprehension of the hierarchy are a way of power distribution;
v. All employees are included in several projects and are aware of the actions of the remaining units - inclusion, communication, openness and transparency;
vi. Balanced scorecard, together with legal financial reports (the use of the ABC method can be another source of management information to improve transparency and rigor), are the grant of any authority;
vii. As can be seen in the respective strategic maps, efficiency and effectiveness are crucial points of the company's strategy;
viii. Balanced scorecard should reflect short-term objectives, which promote long-term objectives, thought sustainable results.

On the other hand, we can observe the definition of corporate governance in three areas: regulation, stakeholder theory and agency theory.

Firstly, we are looking at a company whose activity is highly regulated by national legislation (*Cód*

igo das Sociedades Comerciais, *Lei das Finanças Locais*, among others) and by regulators, which measure compliance with the governance rules that protect the provision of the service to the customer. Such regulation allows the company to guide their actions (what may or may not be done) defending its stakeholders, but blocking their action with bureaucracy.

The recommendation number 3 of CMVM mentions the creation of an internal audit department (Silva *et al.* 2006). Although this company is not required to submit information to this regulatory body, they create a department which pillars are the transparency and the integrity, through the implementation of a balanced scorecard, a way to nurture the practice of good governance, serving the largest number of stakeholders.

Besides being a good example of regulation, this company reflects the reality of multiple stakeholders, which leads to a conflict of interests between the various agents and to the "Agency Theory".

Recalling the assumptions of this theory, mainly the fact that all agents act to maximize their utility function, it is necessary to align the interests of all managers with all stakeholders (not just with shareholders, as presented by Carvalho das Neves, 2006).

As shown in the literature review, it is necessary to reduce information asymmetries. We can promote quality information using targets in line with such reduction.

The *ex-post* analysis of targets allows us to understand the difficulties of a clear interpretation of the information presented.

At the end, it is possible to summarize the fundamental aspects that should be taken into account during the construction of a target:

i. Coherence and frequency: the target must be consistent with the frequency of calculation of the indicator, i.e. if the indicator is monitor monthly it must have monthly targets, and should be consistent with each other, promoting the relation of cause-effect underlying in the strategic map. Define milestones is easier when the company has not enough experience or information for a long term target, as shown by Papalexandris et al. (2004);
ii. Review: between periods (usually years) targets should be reviewed, whether the target is achieved or failed. This analysis may or may not lead to target changes, or an indicator change, it depends on the company purpose;
iii. Singular: the target should be a single number and not a range of values;

iv. Sustainability and Optimization: the target does not need to be the optimum value of the indicator or to be the optimum value for the company. It should be an efficient target, at first place. When indicators are presented in the form of rate, the target must be between 0 % and 100 % and show the long-term sustainability and mirror the operational limits of the company (as its installed capacity);

v. Obligatory: the existence of a target for each indicator is mandatory;

vi. Disconnection and Benchmarking: the targets are not required to be the minimum set by law and/or by regulators (despite its activity being greatly compromised by a set of upstream factors). Benchmarking allows the company to have the appropriate sources of comparison, such as its competitors (to become more competitive) or even its suppliers (e.g. the outsourcing of some service could be cheaper, as already happens in department B, where the targets are used to decide whether a service is provided internally or externally). However, this information can present high costs. The cost-benefit analysis should be the basis of the decision, because it exists other targets that allow measuring the same indicator. It is up to the company to decide how much it is willing to invest in this type of information.

In sum, the main objective of this work was accomplished and we were able to answer to the question "*are target properly defined for transparency?*". Despite those targets are not properly define, it was possible to define a set of characteristics that guarantee it.

Given the fact that the authors of balanced scorecard (Norton and Kaplan), and the main followers, focus on balanced scorecard implementation, this *ex post* analysis of targets is an innovation on the way we look at balanced scorecard monitoring, as a way to promote transparency.

With well-defined targets it is possible for the stakeholders make better decisions. This indefiniteness could lead to wrong conclusions and wrong decisions. This company should strengthen them according to the characteristics mentioned, in order to consolidate their corporate governance.

To have a tool, as Balanced Scorecard, working correctly, should be a concern of any decision maker. It would be interesting, if the company implements the corrections suggested (Appendix 8.9 to Appendix 8.11):

i. The company needs to review all the targets. All of them need more coherence: targets need to be monitoring often to accomplish the original objective of balanced scorecard – control;
ii. Many indicators need to be removed because they are achieved;
iii. Some indicators have no target or a range of values – in this situation there is no management information;
iv. The company should choose targets that promote sustainability.
v. Some targets should be obtained through benchmarking, because we are dealing with a company that ambitious stand out from the other and make decisions based on high levels of information.

A proposal for further work is to analyse the impact of this changes, in order to compare the information produced (*ex post* analysis) and its influence on decision-making and for other stakeholders.

On the other hand, it would be interesting to apply this analyse to other companies, with different ownership structure.

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8. APPENDIX

Appendix 8.1- Department A Balanced Scorecard

	Code	Indicator	Measure	1st semester 2009	2009	1st semester 2010	2010	1st semester 2011	Annual Target
Finance: Control the structure of costs and income	R01	Turnover’s Profitability	%	-2%	0,27%	-9,59%	0,70%	0,37%	Between 0% e 1,5%
	CE01	Structural Costs / Operational Costs	%	96%	90%	91%	93%	-	Decrease of structural costs in operating costs
	CCV01	Value Creation Costs / Operational Costs	%	4%	10%	9%	7%	-	Increase of value creation costs in operating costs
	IAct04	Operating Results	€	- 54.742,75 €	57.654,47 €	- 234.084,59 €	61.254,19 €	29.804,36 €	>0
	IAct05	Net Income	€	- 59.461,89 €	17.717,45 €	- 259.032,76 €	47.742,76 €	10.011,14 €	Between 0€ e 100.000€
	R05	Sales per employee	€	19.263,21 €	46.941,27 €	18.894,89 €	47.281,11 €	18.331,70 €	>0
	SF01	Overall Liquidity	%	45%	67%	56%	44%	52%	100%
	E02	Solvency ratio	%	6%	12,87%	0,43%	15,66%	5,56%	25%
	E03	Financial Autonomy	%	5%	9,84%	0,37%	11,77%	5,21%	25%
	IAct06	Operational cash flow	€	-	665.153,00 €	-	52.424,00 €	-	>0
	IAct07	Investment cash flow	€	-	- 479.830,00 €	-	-98.369,00 €	-	>0
	IAct08	Finance cash flow	€	-	- 154.047,00 €	-	-30.000,00 €	-	>0
Customers: Achieve a high level of customer satisfaction									
Internal Processes: Improving the treatment of information obtained and response capacity by implementing a software of Commercial and Assets Management									
Innovation and Learning: Acquire skills and responsiveness	RH44	Training hours	hour/employee	39	56	2	33	16	16
	RH43	Training coverage	%	67%	86%	54%	90%	79%	79%
	RH40	Average cost / h	€/h	5,89 €	4,93 €	28,64 €	4,36 €	1,85 €	1,85 €
	RH17	Absenteeism	%	5%	5%	4%	5%	5%	5%
	RH28	Overtime cost	€/employee	74,73 €	181,85 €	39,07 €	95,87 €	37,70 €	37,70 €

Translated by the author.

Appendix 8.2: Department B Balanced Scorecard (Water Supplie)

	Code	Indicator	Measure	2009	2010	Target
Customer: Establish the average price of the service	AA02	Service's Average price	€/m^3	0,76	0,77	10% less than national average
Customer: Establish the average price of the service to the household customers	IA19	Service's average price (household customers)	€/ m^3	0,74	0,74	deviation <10% of national average
Customer: Ensure good water quality	AA05	Water Quality	%	99,48	99,87	99%
Customer: Ensure the reliability of supply	AA03	Supply disruption	number /1000 branch	0	0	0
Internal Processes: Optimize the allocation of Human Resources and equipment	AA17	Human Resources	number/1000 branch	6,04	5,3	2<x<5
Internal Processes: Implementation of the annual planning	IA06	Accuracy of planning	%	117	96	10% tolerance
Innovation and Learning: Implementation of the support for the maintenance system						
Innovation and Learning: Increase knowledge of the water supply						
Financial: Determine and reduce the operational cost	IA17	Operational Cost	€/ m^3	0,77	0,88	10% less than AA02
Financial: Determine and reduce the operational cost (household customers)	IA18	Operational Cost (Household Customers)	€/ m^3	1,73	1,61	10% less than IA019
	AA19	Energy efficiency of pumping facilities	kwh/ m^3/100m	0,48	0,45	<0,40
	AA07	Coverage ratio of operating costs	number	0,77	0,87	> 1,50

Translated by the author.

Appendix 8.3 Department B Balanced Scorecard (Sanitation)

	Code	Indicator	Measure	2009	2010	Annual Target
Customer: Establish the average price of the service	AR02	Average price of the service	€/m^3	0,54	0,60	<10% of national average
Customer: Establish the average price of the service to the household customers	IS03	Average price of the service (household customers)	€/m^3	0,96	0,65	<10% of national average
Customer: Reduce the number of obstructions in the sewers	AR13	Obstructions of the collectors	n.º / 100 kilometre	18,08	15,00	x < 30
Internal Processes: Optimize the allocation of Human Resources and Equipment	AR16	Human Resources	n.º / 100 kilometre	11,41	11,3	5 < x < 10
Internal Processes: rehabilitate the drainage network	AR11	Rehabilitation of collector	%	1,2	0,10	1 < x < 2
	AR12	Rehabilitation of branches	%	0,93	0,10	2%
Internal Processes: improve the quality of service						
Internal Processes: Implementation of the annual planning	IS08	Accuracy of planning	%	29	37	10% tolerance
Innovation and Learning: Increase knowledge of the drainage network						
Financial: Determine and reduce the operational cost	AR06	Operational Cost	€/m^3	1,43	0,89	10% less than AR02
	IS16	Operational Cost (Household Customers)	€/m^3	0,70	0,72	10% less than IS16
	AR19	Use of energy resources	kWh/ m^3	0,10	0,08	-
	AR05	Coverage ratio of operating costs	number	1,31	1,69	> 1,5

Translated by the author.

Appendix 8.4 Department B Balanced Scorecard (Waste Collection)

	Code	Indicator	Measure	2009	2010	Target
Customer: Establish the average price of the service	RS03	Average price of the service	€/ton	145,9	179,9	-
Customer: Improve customer satisfaction	IR01	Satisfaction Survey	%	-	-	-
Internal Processes: Optimize the allocation of Human Resources and Equipment	RS15	Human Resources	Number of operators./10^3ton/year	3,5	4,66	2,5
Internal Processes: Amount of waste collected	IR11	Amount of waste collected	Ton	4823,03	4243,2512	Increase of 5% over the previous year
	IR14	Work started after more than 24 hours after contact or request	number	-	-	-
	IR12	Types of waste collected	number	24	24	> 95% 2008 (24 types)
Internal Processes: execution of the annual planning	IR05	Accuracy of planning	%	210	118	10% tolerance
Innovation and Learning: Optimal use of equipment	IR09	Distance covered by special equipment	kilometre	34823,5	63474	Increase of 5% over the previous year
Financial: Determine and reduce the operational cost	RS06	Operational Cost	€/ton	114,26	101,7	-
	IR10	Operating Cost per container collected, per month	€/container	-	-	2011
	RS05	Coverage ratio of operating costs	number	1,4	1,77	> 1,5

Translated by the author

Appendix 8.5 Department B Balanced Scorecard (Healthiness)

	Code	Indicator	Measure	2009	2010	Target
Customer: Establish the average price of the service	IL01	Price	€/customer/month	0,30	0,95	-
Customer: Improve customer satisfaction						
Internal Processes: Execution of the annual planning	IL10	Accuracy of planning	%	176	92	10% Tolerance
Innovation and Learning: Define circuits (cantons) of urban cleaning	IL13	Production of waste generated in mechanical urban cleaning	Ton/hour	0,19	0,20	> 0,22 Ton/h
Financial: Determine and reduce the operational cost	IL15	Total operating cost per ton collected	€/ton	93,62	56,15	
	IL22	Total cost of urban cleaning per month for each customer	€/customer/month	1,38	2,15	10% less than IL01
	IL16	Cost per kilometre of mechanical sweep	€/kilometre	-	19,31	20
Financial: Control of costs and revenues generated	IL17	Coverage ratio of operating costs	-	1,39	1,77	> 1,5

Translated by the author.

Appendix 8.6 Department B Balanced Scorecard (Landscape)

	Code	Indicator	Measure	2009	2010	Annual Target
Customer: Establish the average price of the service	EV01	Maintenance of green spaces' price	€/mouth/con.	0,70	1,62	-
	EV02	Satisfaction Survey - garden maintenance	%	-	-	-
Internal Processes: execution of the annual planning	EV14	Rate of accuracy of planning	%	107	58	10% tolerance
Innovation and Learning: Deepen their knowledge of existing garden area	EV17	Amount of water consumed per zone	m^3/zone	0	N.E.	December 2010
Financial: Determine and reduce the operational cost	EV19	Operational cost per m^2 of referenced garden	€/m^2	2,18	1,90	-
	EV25	Increase gardened area	-	-	-	-
	EV21	Total operating costs	€/mouth/customer	3,45	3,27	tolerance 10% EV01
Financial: Control between cost and revenue generated	EV23	Coverage ratio of operating costs	-	0,34	0,50	>1,5

Translated by the author.

Appendix 8.7 Department C Balanced Scorecard (Public Works)

	Code	Indicator	Measure	2009	2010	2011	Annual Target
Clients: internal and external image	DOP09.2	Fulfilment Plan activities	%	75%	71%	-	0,85
	DOP09.3	Fulfilment of deadlines (semester)	%	67%	100%	-	85%
Internal Processes: leadership	DOP03.1	Internal inquiry	Qual.				Suf.
Internal processes: Quality in project design execution	DOP06.1	Errors and omissions presented and approved	%	11%	13%	0%	max 20%
	DOP06.2	No. of non-conformities recorded by quality audits	unity	0	0	-	max. 6
	DOP06.3	Survey of suppliers / contractors	Qual.	Good	-	-	Enough-Good
Internal Processes: Efficient management and supervision of projects	DOP07.1	Compliance with deadlines for conclusion of projects	%	100%	25%	100%	min. 70%
	DOP07.2	Meeting the deadlines of interventions	%	100%	70%	92%	min. 80%
	DOP07.3	Processes fines	%	0%	0%	0%	max 30%
Internal Processes: Efficiency in handling complaints	DOP08.1	Term average response (quality) on complaints	unity	16	12	1	8
	DOP08.2	Rate of substantiated complaints and resolved	%	66%	50%	100%	20%
	DOP08.3	Rate of substantiated complaints and unresolved (unavailable budget)	%	-	-	-	0,8
Innovation and Learning: Development of skills and techniques in the area of project management	DOP01.1	No. of training hours per employee / year	no.	80,0	55,5	17,5	35,0
	DOP01.2	Accumulated Training hours per employee	no.	80,0	135,5	153,0	70,0
	DOP01.3	Training offered by employees	%	-	-	-	0,2
Financial: Management and Budget Control	DOP11.1	Difference between the base value of the PPC and the budgeted	%	-18%	13%		min3%
	DOP11.2	Amount of additional works (compared with the project)	%	0%	0%	0%	max 4%
	DOP11.3	Budget deviation	%	103%	60%	-	max 101,5%
	DOP11.4	Effectiveness	%	175%	243%	-	0,85 €
	DOP11.5	Budget performance	unity	1,04	0,52	-	<1

Translated by the author.

Appendix 8.8 Department C Balanced Scorecard (Public Space)

	Code	Indicator	Measure	1st semester 2009	2009	1st semester 2010	2010	1st semester 2011	Annual Target
Financial: Control the structure of expenditures and increase revenues, creating value for customers	DPF01	Turnover per employee	€	-	89.736,00 €	55.159,37 €	93.195,37 €	-	Positive evolution
	DPF02	Turnover Profitability	%	-	0,41%	63%	26,27%	-	Increase of 2%
	DPF03	Payments - Renewals	%	87%	99%	92%	97%	90%	100%
	DPF04	Payments - New Customers	%	95%	96%	80%	93%	68%	100%
	DPF05	Total Payments Advertising	€	97.060,77 €	113.623,06 €	108.111,28 €	115.342,80 €	107.902,93 €	Maintain
	DPF15	Total Payments Esplanade	€	-	105.984,68 €	51.388,10 €	162.845,72 €	50.777,78 €	-
	DPF06	Payments (esplanade)	%	16%	63%	30%	92%	14%	100%
	DPF07	Payments	%	100%	100%	100%	100%	100%	100%
	DPF08	Payments (stand)	%	43%	100%	6%	100%	0%	100%
Clients: Achieve a high level of customer satisfaction	DPF09	Number of complaints	number	0	0	0	0	0	Monitor
	DPF10	Number of complaints chargeable to the service	number	0	0	0	0	0	Monitor
Internal Processes: Improving the treatment of information and response capacity	DPF13	Payments out of time	€	-	8149,43 €	-	18.466,93 €	-	Decrease
	DPF14	Percentage of payments after the deadline	%	-	7%	-	15%	-	Decrease
	DPF16	Payments out of time	€	-	14.049,26	-	13.990,44	-	Decrease
	DPF17	Payments after the deadline	%	-	14%	-	16%	-	Decrease
	DPF18	budgetary rigor	%	-	97%	-	58%	-	100%
Internal Processes: Urban environment disciplined, harmonious and organized	DPF19	Analysis of cases submitted / granted	unit	-	46	52	76	47	Increase of 10%
	DPF20	Withdrawal Publicity	unit	-	32	4	19	32	Decrease
	DPF21	Placement of new Publicity	unit	-	46	52	76	47	10%
	DPF22	M ² occupied / year	m^2	-	3078,85	-	3.576,63	-	Increase of 2%
Innovation and Learning: Acquire skills and responsiveness	DPF23	Hours of training per employee	h	-	37,5	23,5	51,5	17,5	>35h/year per
	DPF24	Coverage of training	%	-	75%	100%	100%	100%	> 85%
	DPF25	Average cost / hour training	€/h	-	3,4	3,6	6,0	-	< 6€
	DPF26	Absenteeism	%	-	0,0	0,0	0,0	-	< 5%
	DPF27	Average Cost Overtime / contributor	€	-	0	0	0	0	< 50€

Translated by the author.

Appendix 8.9- Department A Balanced Scorecard improvement suggestions

Code	Indicator	Coherency And Frequency	Review	Singular	Optimization	Disconnection	Obligatory	Sustainability	Benchmarking
R01	Turnover's Profitability	x	x	x					
CE01	Structural Costs / Operational Costs	x		x					
CCV01	Value Creation Costs / Operational Costs	x		x					
IAct04	Operating Results	x						x	
IAct05	Net Income	x						x	
R05	Sales per employee	x	x						
SF01	Overall Liquidity	x			x				
E02	Solvency ratio	x			x				
E03	Financial Autonomy	x			x				
IAct06	Operational cash flow	x	x						
IAct07	Investment cash flow	x	x						
IAct08	Finance cash flow	x	x						
RH44	Training hours	x	x					x	
RH43	Training coverage	x	x					x	
RH40	Average cost / h	x	x					x	
RH17	Absenteeism	x	x						
RH28	Overtime cost	x	x						

Appendix 8.10: Department B Balanced Scorecard improvement suggestions

Code	Indicator	Coherency And Frequency	Review	Singular	Optimization	Disconnection	Obligatory	Sustainability	Benchmarking
AA02	Service’s Average price	x			x	x		x	x
IA19	Service's average price (household customers)	x			x	x		x	x
AA05	Water Quality	x	x		x				
AA03	Supply disruption	x	x		x				
AA17	Human Resources	x			x	x		x	x
IA06	Accuracy of planning	x			x				
IA17	Operational Cost	x			x	x		x	x
IA18	Operational Cost (Household Customers)	x			x	x		x	x
AA19	Energy efficiency of pumping facilities	x			x	x		x	x
AA07	Coverage ratio of operating costs	x	x						
AR02	Average price of the service	x			x	x		x	x
IS03	Average price of the service (household customers)	x			x	x		x	x
AR13	Obstructions of the collectors	x	x		x				
AR16	Human Resources	x			x	x		x	x
AR11	Rehabilitation of collector	x	x		x			x	
AR12	Rehabilitation of branches	x	x		x			x	
IS08	Accuracy of planning	x			x				
AR06	Operational Cost	x			x	x		x	x

Code	Indicator	Coherency And Frequency	Review	Singular	Optimization	Disconnection	Obligatory	Sustainability	Benchmarking
IS16	Operational Cost (Household Customers)	x			x	x		x	x
AR19	Use of energy resources	x	x	x	x	x	x	x	
AR05	Coverage ratio of operating costs	x			x	x		x	x
RS03	Average price of the service	x			x	x		x	x
RS15	Human Resources	x			x	x		x	x
IR11	Amount of waste collected	x		x				x	x
IR14	Work started after more than 24 hours after contact or request	x							
IR12	Types of waste collected	x		x				x	x
IR05	Accuracy of planning	x							
IR09	Distance covered by special equipment	x		x				x	x
RS06	Operational Cost	x			x	x		x	x
IR10	Operating Cost per container collected, per month	x			x	x		x	x
RS05	Coverage ratio of operating costs	x			x	x		x	x
IL01	Price	x	x	x	x	x	x	x	x
IL10	Accuracy of planning	x			x				
IL13	Production of waste generated in mechanical urban cleaning	x							x
IL15	Total operating cost per ton collected	x			x	x		x	x
IL22	Total cost of urban cleaning per month for each customer	x			x	x		x	x
IL16	Cost per kilometre of mechanical sweep	x							x

Code	Indicator	Coherency And Frequency	Review	Singular	Optimization	Disconnection	Obligatory	Sustainability	Benchmarking
IL17	Coverage ratio of operating costs	x	x						
EV01	Maintenance of green spaces' price	x			x	x		x	x
EV14	Rate of accuracy of planning	x			x				
EV17	Amount of water consumed per zone	x						x	x
EV19	Operational cost per m^2 of referenced garden	x			x	x		x	x
EV25	Increase gardened area	x						x	x
EV21	Total operating costs	x			x	x		x	x
EV23	Coverage ratio of operating costs	x			x	x		x	x

Appendix 8.11- Department C Balanced Scorecard improvement suggestions

Code	Indicator	Coherency And Frequency	Review	Singular	Optimization	Disconnection	Obligatory	Sustainability	Benchmarking
DOP09.2	Fulfilment Plan activities	x			x				
DOP09.3	Fulfilment of deadlines (semester)	x			x				
DOP03.1	Internal inquiry	x							
DOP06.1	Errors and omissions presented and approved	x			x				
DOP06.2	No. of non-conformities recorded by quality audits	x			x				
DOP06.3	Survey of suppliers / contractors	x	x						
DOP07.1	Compliance with deadlines for conclusion of projects	x			x				
DOP07.2	Meeting the deadlines of interventions	x			x				
DOP07.3	Processes fines	x			x				
DOP08.1	Term average response (quality) on complaints	x							
DOP08.2	Rate of substantiated complaints and resolved	x			x				
DOP08.3	Rate of substantiated complaints and unresolved (unavailable budget)	x							
DOP01.1	No. of training hours per employee / year	x							x
DOP01.2	Accumulated Training hours per employee	x							x
DOP01.3	Training offered by employees	x							
DOP11.1	Difference between the base value of the PPC and the budgeted	x							
DOP11.2	Amount of additional works (compared with the project)	x			x				
DOP11.3	Budget deviation	x			x				
DOP11.4	Effectiveness	x							
DOP11.5	Budget performance	x							
DPF01	Turnover per employee	x		x					x
DPF02	Turnover Profitability	x		x					x
DPF03	Payments - Renewals	x			x				

Code	Indicator	Coherency And Frequency	Review	Singular	Optimization	Disconnection	Obligatory	Sustainability	Benchmarking
DPF04	Payments - New Customers	x			x				
DPF05	Total Payments Advertising	x			x				
DPF15	Total Payments Esplanade	x					x		
DPF06	Payments (esplanade)	x			x				
DPF07	Payments	x			x				
DPF08	Payments (stand)	x			x				
DPF09	Number of complaints	x		x	x				
DPF10	Number of complaints chargeable to the service	x		x	x				
DPF13	Payments out of time	x			x				
DPF14	Percentage of payments after the deadline	x			x				
DPF16	Payments out of time	x			x				
DPF17	Payments after the deadline	x			x				
DPF18	budgetary rigor	x			x				
DPF19	Analysis of cases submitted / granted	x		x	x				
DPF20	Withdrawal Publicity	x			x				
DPF21	Placement of new Publicity	x			x				
DPF22	M ² occupied / year	x			x				
DPF23	Hours of training per employee	x							x
DPF24	Coverage of training	x							x
DPF25	Average cost / hour training	x							x
DPF26	Absenteeism	x							x
DPF27	Average Cost Overtime / contributor	x							x